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Subdivision Map Act

- Establishes procedures for filing a subdivision plan when the property is divided into **two or more** parcels.
- Controls physical design aspects of a subdivision; ensures that areas devoted to public use, such as streets, will be properly improved initially.
- Maps are approved at the local level.
- Commercial Acre is an acre after making deductions for streets, sidewalks, and other off-site improvements.
- No sales or improvements are allowed until the final map is recorded.

Subdivision Lands Law

- Describes forms of ownership allowed in a subdivision of five or more parcels.
- Designed to prevent fraud and misrepresentation in the selling of subdivisions.
- Final public report
- Applies to both land and air space (condominium).
- This is administered by the DRE.
- The Subdivision Map Act would also apply.

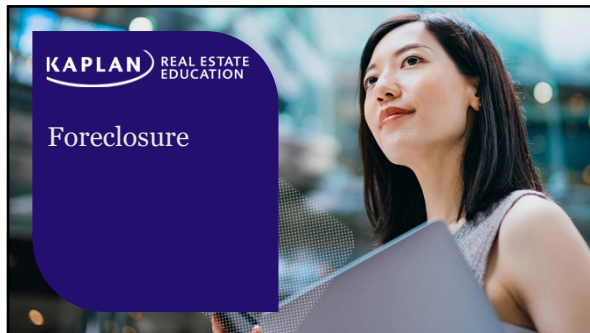
Other subdivision requirements

- An environmental impact report (EIR) is required if a project will have a significant effect on the environment. Municipalities may waive this requirement for private projects by issuing a negative declaration.
- The Alquist-Priolo Earthquake Fault Zoning Act regulates development in earthquake zones.
- The Street Improvement Act of 1911 authorizes local governing bodies to order street improvements (off-site improvements) and pay through a bond issue and special assessment.

Question

The Subdivision Land Law

- A. is administered by the DRE and must be followed for a subdivision of 5 or more lots.
- B. is administered by the DRE and must be followed for a subdivision of 2 or more lots.
- C. is administered by the municipality and must be followed for a subdivision of 5 or more lots.
- D. is administered by the municipality and must be followed for a subdivision of 2 or more lots.



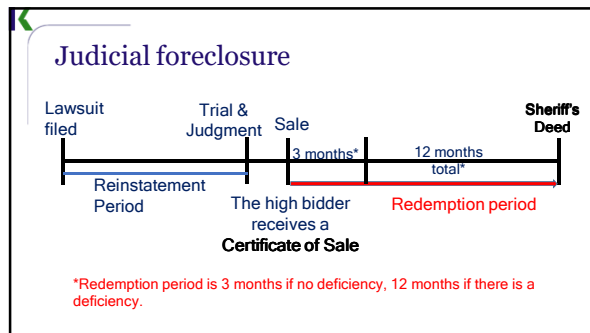
Judicial foreclosure

- A lender or its representative brings a lawsuit in a superior court to obtain a court order to sell.
- Reinstatement must be allowed before the judgment.
- The sheriff sells the property to the high bidder at a public sale. The high bidder is given a Certificate of Sale.
- The property owner (borrower) retains possession during foreclosure proceedings.
- The borrower has either a 3-month or a 12-month redemption period; if not redeemed, the high bidder is then given a **Sheriff's Deed**.

Judicial foreclosure

- If the sale proceeds exceed the cost of the sale and foreclosing lien, the excess goes to pay off junior liens in order of priority.
- If the sale does not cover the loan amount, the lender may file for a deficiency judgment. But no deficiency judgment can be obtained for purchase-money loans used to finance owner-occupied homes of four units or less.





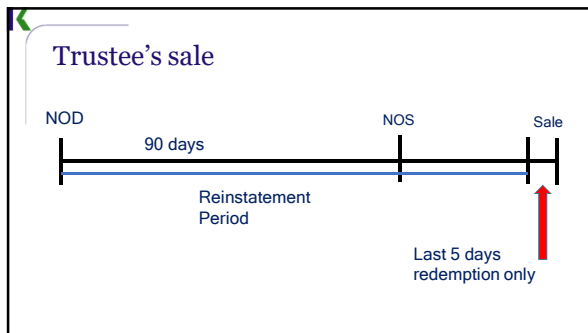
Trustee's sale (trust deeds)

- No lawsuit necessary; foreclosure made by public sale.
- Requires three months' notification of default. Within ten days of recording the notice of default (NOD), a copy must be sent to the trustor.
- Notice of sale (NOS)
- At least 21 days must pass and then the property can be sold to a high bidder at trustee's sale. The title is then transferred with a **trustee's deed**.

Trustee's sale (trust deeds)

- The loan may be reinstated up to 5 days before the sale date.
- Reinstatement may occur any time before the completion of the sale.
- There is no post-sale redemption.
- Deficiency judgments not allowed on nonjudicial foreclosures.





Question

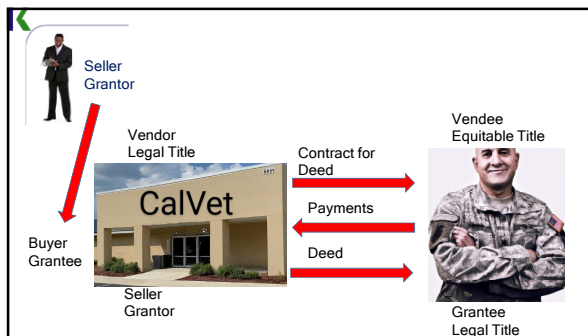
After a non-judicial foreclosure, the high bidder will receive a

- A. Sheriff's Deed.
- B. Deed of Reconveyance.
- C. Trust Deed.
- D. Trustee's Deed upon Sale.



CalVet (California Veterans Farm and Home Purchase Act)

- The California Department of Veterans Affairs administers the program and is a direct lender.
 - CalVet purchases the property, then resells it to the veteran under a real property sales contract/land contract; the veteran has equitable title and gets legal title when the loan is repaid.
- The veteran is required to acquire a life insurance policy that will pay off the loan in case of death.
- Impound accounts (reserves) are also required and there cannot be a prepayment penalty.



Question

- While a borrower is making payments on a CalVet loan, they are
- A. grantee with legal title.
 - B. grantee with equitable title.
 - C. vendee with legal title.
 - D. **vendee with equitable title.**

California Housing Financial Discrimination Act of 1977 (Holden Act)

- A lender cannot deny a loan or change terms for reasons unrelated to the applicant's credit.
 - **Redlining** is prohibited.
- All other federally prohibited discrimination against protected classes is also prohibited.

Unruh Civil Rights Act (1959)

- Prohibits businesses from illegal discrimination in California
 - Hotel/motel
 - Restaurant
 - Theatre
 - Housing accommodations
 - Real estate brokerages
 - Other businesses

Rumford Act (1963)

- Illegal to discriminate in the sale, rental, or financing of housing due to:
 - Race
 - Color
 - National origin

Types of loan originators

- Loan broker
 - Acts as an intermediary between a lender and a borrower.
 - Must have a MLO endorsement on a DRE license.
- Loan banker
 - Loans its own money directly to the borrower.
 - May be with either a DRE or Department of Financial Protection and Innovation (DFPI) license.



Earnest money

- A trust account is established to hold assets (usually money) that is in a broker's possession but the assets do not belong to the broker.
- Listing agreements generally authorize brokers to collect earnest money deposits and offers. If not authorized to do so, the broker can accept deposits but becomes an agent of the buyer for that deposit.
- These funds are placed into a broker's trust account.
 - Demand account, checking account
 - Separated from the broker's money
 - Shielded from any creditors of the broker

Commingling

- **Commingling** of trust funds with funds belonging to the licensee is prohibited and is a misdemeanor; the actual use of trust funds for purposes other than their intended purpose is **conversion** and is a felony.
 - Up to \$200 of the broker's money may be kept in the account to cover bank fees.
 - Unless written directions indicate otherwise, one of these must happen to the funds within 3 days.
 - Deposit funds in the broker's trust account.
 - Deposit funds in another trust account (escrow).
 - Give the funds to the principal.

Recordkeeping

- Brokers are responsible for maintaining adequate and accurate records.
- Brokers must **reconcile** the trust accounts every **month** to check that the money in the account is equal to their liability.
- Most must be kept for **three years** and must be open for inspection by the real estate commissioner.

Recordkeeping

- Brokers may use electronic image storage media to retain and store copies of all listings, deposit receipts, canceled checks, trust records, and other documents, as long as they provide, at their own expense, a paper copy of any document or record requested by the DRE.

Advance fees

- An advance fee is the collection of an upfront fee for performing services involving real property for buyers, sellers, lenders, or borrowers. Used properly, they are legal.
- A person who proposes to collect an advance fee must submit all materials and agreements to the commissioner no less than 10 calendar days before publication or use.
 - Any advance fee collected must be withdrawn from the trust account no later than 25 days after it is earned.

Advance fees

- The law prohibits anyone, including a licensee, from claiming, collecting, or receiving an advance fee involving a loan modification or forbearance before performing the services contracted for or represented that the licensee would perform.

Question

The minimum amount of time a broker must keep signed copies of listings, deposit receipts, and other documents related to real estate transactions is

- A. one year.
- B. two years.
- C. three years.
- D. seven years.



Composition and powers of the DRE

- The Department of Real Estate operates within the Consumer Services and Housing Agency and is led by the real estate commissioner.
- The real estate commissioner is appointed by the governor.
- Powers of the DRE include regulation of licensees and subdivisions.
- The DRE does NOT mediate commission disputes or collect penalties for victims of licensees.

Violations of the real estate law – examples of unlawful conduct

- Knowingly misrepresenting value of property to get a listing or secure a buyer.
- Representing to an owner when seeking a listing that the licensee has obtained a written offer when the licensee has no such written offer.
- Stating or implying that the licensee is prohibited by law or regulation from charging less than the quoted commission.



Violations of the real estate law – examples of unlawful conduct

- Misrepresenting the licensee's relationship with a broker or the broker's responsibility for acts of the licensee.
- Knowingly underestimating closing costs.
- Knowingly making a false or misleading representation regarding the form, amount, and/or treatment of an earnest money deposit.
- Knowingly making a false or misleading representation to a seller financing part of a sale regarding the buyer's ability to pay.

Violations of the real estate law – examples of unlawful conduct

- Making an addition or modification to the terms of an agreement previously signed by a party without the knowledge and consent of the party.
- When acting as a principal for real estate paper, making a representation regarding the value of securing property without a reasonable basis for believing it is accurate.
- Making a representation regarding the nature and/or condition of the features of a property, the size or boundaries of the property, or the legal use of the property without having a reasonable basis for believing it to be true.

Violations of the real estate law – examples of unlawful conduct

- When acting as an agent, failing to disclose to a prospective purchaser, material facts about the property.
- When acting as a listing agent, failing to present any written offer unless instructed by the owner not to present such an offer.
- When acting as a listing agent, presenting competing offers in a manner that would induce the owner to accept an offer that provides greater compensation to the agent.

Violations of the real estate law – examples of unlawful conduct

- Failing to explain to the prospective parties for whom the licensee is acting as an agent, the meaning and probable significance of a contingency in an offer or contract that may affect the closing date.
- Failing to disclose to a seller whom the licensee represents, the nature and extent of any direct or indirect interest that the licensee expects to acquire as a result of the sale.
 - Also, must disclose if a relative or person with whom the licensee has a special relationship may be acquiring an interest. The same rule applies to representing a buyer and having an interest in the property buyer may acquire.

Violations of the real estate law – examples of unlawful conduct

- Failing to disclose to a principal any significant interest the licensee has in an entity the agent recommends (broker/brokerage affiliated businesses).
- When acting as an agent for the seller, refunding any part of an offeror's deposit after the seller has accepted the offer, unless the licensee has express permission from the seller to make the refund.

Question

Which of the following would be acceptable?

- A. An overestimation of the value of the property in a listing appointment
- B. Not disclosing that the buyer is the agent's mother-in-law
- C. A prior bribing of a public official
- D. **None of the above**

Unlicensed assistants

- The DRE provides brokers with the following guidelines for activities that unlicensed assistants **may** perform:
 - Assist licensees at an open house by placing signs, greeting the public, handing out preprinted materials, or providing factual information prepared by and approved by the licensee.
 - Cold call or canvass to develop general information about the person's interest or to make an appointment, but not for solicitation purposes.
 - Only to schedule an appointment with a licensee.

Unlicensed assistants

- Prepare a comparative market analysis subject to the approval of and for use by the licensee.
- Arrange for inspections and order reports and services from third parties (e.g., a pest control inspection, roof inspection, or repair work), or be present to let such individuals into the property.
- Prepare and design advertising that is reviewed and approved by the broker.

Unlicensed assistants

- Only a licensee, not an unlicensed assistant, can perform the following activities:
 - Only a licensee may show or exhibit the property, discuss terms and conditions of a possible sale, or discuss other features of the property, such as its location, neighborhood, or schools.
 - Information needed by third parties, to complete their report, must typically be provided by the licensee.
 - Attempt to induce a person to use a licensee's services.

Question

An unlicensed assistant may

- A. prepare a lead-based paint disclosure form and provide it to the client for signature.
- B. produce a CMA for the agent's use.
- C. produce and place a property advertisement.
- D. explain a form to a client in order to get their signature on it.

Commission rebates to buyers and sellers

- It is unlawful for any real estate licensee to pay any compensation for performing acts for which a license is required to an unlicensed individual, however, payments made by a licensee to a principal in a transaction do not constitute a violation of the law, according to DRE.
- If there is a commission rebate to a buyer in a transaction, that fact must be disclosed by the agent to the seller who has paid the commission.

Consumer recovery account

- Portions of license fees are placed into an account from which members of the public can be compensated for illegal acts of licensees.
- Funds can be disbursed if a judgment has been obtained and the debt is uncollectible from the licensee.
- The license is **suspended** until the licensee repays the recovery account, all funds paid out on its behalf, plus interest

Consumer recovery account

- Limits of recovery
 - **\$50,000** limit per transaction
 - **\$250,000** limit against one licensee

Question

The maximum that can be recovered from the Consumer Recovery Account against one licensee is

- A. \$40,000.
- B. \$50,000.
- C. \$100,000.
- D. **\$250,000.**

Licensing

- Salesperson
 - 3 courses
 - Principles
 - Practice
 - An elective class such as Legal Aspects of Real Estate
 - State exam
 - 4-year license
 - Cannot work independently of a broker

Licensing

- 1st renewal for a salesperson
- 45 hours
 - 5 separate 3-hour courses
 - Ethics
 - Agency
 - Trust fund handling
 - Fair housing
 - Risk management
 - 2-hour Implicit Bias Training course
 - Minimum of 18 hours of consumer protection
 - Remaining hours in either consumer protection or consumer service

Licensing

- Broker's license
 - 8 courses
 - 5 mandatory
 - 3 electives
 - 2 years of experience in real estate
 - 4-year license

Licensing

- Broker's first renewal: 9-hour survey course or separate courses
 - Ethics
 - Agency
 - Fair housing
 - Trust fund handling
 - Risk management
 - Management and supervision
 - Implicit bias
- Minimum of 18 hours of consumer protection
- Remainder hours of consumer protection or consumer service

Licensing

- 1st renewal for a broker
- 45 hours
 - 5 separate 3-hour courses
 - Ethics
 - Agency
 - Trust fund handling
 - Fair housing
 - Management and supervision
 - 2-hour fair housing course, including role playing
 - 18 hours consumer protection
 - Remainder consumer service or consumer protection

Licensing

- Subsequent renewals for salespeople or brokers-45 hours
 - 9-hour survey or 7 separate courses
 - Ethics
 - Agency
 - Fair housing
 - Trust fund handling
 - Risk management
 - Management and supervision
 - Implicit bias
 - Minimum of 18 hours of consumer protection
 - Remainder consumer protection or consumer services

Question

In which situation may DRE refuse to license an applicant?

- A. A spousal support balance is due
- B. Unpaid traffic violations
- C. Unpaid parking violations
- D. **None of the above**

Diversity

- Significant diverse population in California
 - Age
 - Race
 - Nationality
 - Religion
 - Language
 - Gender
 - Lifestyle

Diversity

- Serving a diverse community
 - Be aware of cultural values
 - Be aware of sensitive topics
 - Be respectful of beliefs
 - Violence Against Women Act (VAWA)
 - Do not punish victims of violence



Disclosure of representation

- Representation must be disclosed as soon as practical. This is done with a Disclosure of Agency Relationships form
 - Before the signing of a listing agreement
 - Before the writing of an offer
 - Before the presentation of an offer
- Confirmation of agency relationships is required before entering into a contract (process: **disclosure, election, confirmation**).

Question

A person purchased a new mobile home 2 months ago and contacted a broker to take a listing on it. According to California law, the broker could

- A. Take the listing anytime, but could not sell the mobile home for 1 year
- B. Not take the listing unless it was registered with the Dept. of Housing and Community Development (HCD)
- C. Not take the listing unless the broker was also licensed with the DMV
- D. Never take the listing

Disclosure of representation

- Disclosure, if representing or **working with a relative** or any person with whom the agent has a significant relationship (e.g., best friend), is required.
- If representation changes, a new disclosure is required **at once**.
- When representing both the buyer and the seller (dual agency), the agent must get the consent of both parties in writing - an **undisclosed dual agency is illegal**.
- Brokers owe honesty and fair dealing to those they don't represent, even if **the principal asks to lie or keep silent**.

Employment contract

- Regulations of the **real estate commissioner** require brokers to have a written agreement with a salesperson.
- Under real estate law, salespeople are employees of the broker, even if the contract defines them as independent contractors for tax purposes.

Question

A customer's signature of the Disclosure of Agency Relationship form

- A. creates an agency relationship.
- B. **acknowledges receipt of the form.**
- C. is the confirmation required in DEC.
- D. none of the above.

Employee vs independent contractor

- IRS may classify a salesperson as an employee or an independent contractor.
- Employees are under the direct control of their employers and can be told how to perform the job.
 - California Real Estate Law recognizes associate licensees of a broker to be employees only for supervisory purposes.
- Independent contractors are compensated based on results; employers have less control over how the job is done.

Listing agreements

- In addition to Exclusive Right to Sell, Exclusive Agency, and Open listings California allows
 - Option listing (allowed but not favored by the DRE)
 - Net listing (allowed but not favored by the DRE)



Truth in Advertising

- False advertising is grounds for revocation or suspension of a license.
- **Blind advertising** does not make it clear that the property is listed by an agent and it appears to the reader that it is being listed by the owner of the property.
 - All advertising of an activity for which a license is required must indicate a licensee designation ("agent" would meet the requirement).
 - All advertising of an activity for which a license is required requires the licensee's DRE license number (adding the broker's license is optional).



Transfer disclosure statement (TDS)

- Required of both seller and agent with exceptions, which include foreclosures, co-owner to co-owner sales, or other examples where the seller would not have knowledge of the property or would not need disclosure.
- **Easton v. Strassburger** decision requires licensees to disclose what they know and what they should know.

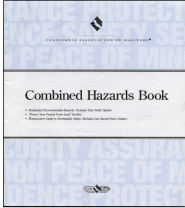
Natural hazards disclosure form

- Seller and agents must sign
 - Earthquake disclosures
 - Dam failure inundation
 - Very high fire hazard zone
 - Wildfire risk areas
 - 100-year flood zones



Environmental Hazards Pamphlet

- In addition to disclosing environmental (as opposed to natural) hazards in the TDS, sellers, and agents can provide a prepared pamphlet.
- If the pamphlet is provided, neither the seller nor the agent has to provide further information regarding environmental hazards (except for lead-based paint disclosure) unless there is actual knowledge.

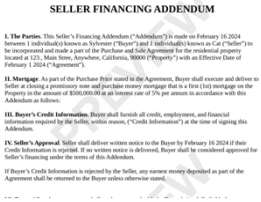


Mello-Roos Disclosure

- The seller of a one- to four-unit dwelling must disclose if the property is subject to a Mello-Roos lien.
 - This is a type of special assessment whereby parcels are made responsible for a portion of a community bond taken to provide funds for infrastructure improvement.

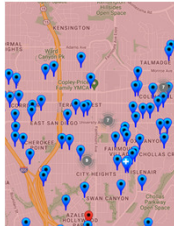
Seller Financing Disclosure

- If there is seller financing, the Seller Financing Addendum and Disclosure is required.



Megan's law

- All residential purchase and lease contracts must include a notice informing buyers or lessees of the public availability of information regarding registered sex offenders.



Question

Regarding the Megan's Law database, an agent must

- A. disclose to a potential buyer where they may view the database.
- B. look at the database and disclose what they find to potential buyers.
- C. do nothing.
- D. none of the above.

Other required disclosures

- Home energy ratings
 - EER (energy efficiency ratings) SEER (seasonal energy efficiency ratings, such as AC's)
- Home inspection notice - for FHA financing or HUD-owned property, the borrower must sign a notice ("Importance of a Home Inspection")
- Smoke detector notice
- Water heater bracing
- Carbon monoxide alarms



Licensing requirement

- A real estate license is required for property managers who rent, lease, solicit listings of places for rent, solicit for prospective tenants, and collect rents.
- A license is not required for a resident manager if management activities are confined to the complex in which the manager lives.
 - Properties with 16 or more residential units must have a resident manager.

Security deposits

- The amount of security deposits that can be collected depends on specific facts.
 - Maximum security deposit, unfurnished unit - **2 times rent**
 - Maximum security deposit, furnished unit - **3 times rent**
- As of July 2024, all units can collect a maximum of 1 month's rent unless owned by a small owner (no more than 2 buildings and/or 4 units).

- Within 21 days of a tenant moving out, the landlord must either
 - send tenant a full refund of their security deposit; or
 - mail or personally deliver to tenant, an itemized statement that lists the amount of any deductions from the security deposit and the reason for the deductions, with a refund of any amount not deducted.

- Warranty of quiet enjoyment - lease will not be disturbed by someone claiming paramount title.
- Warranty of habitability - the owner must keep the property in a livable condition.
- If these are violated, the tenant may have the right of constructive eviction.

- A court action by a lessor to regain possession (eviction) upon default, e.g., nonpayment of rent.
- Notice to quit required
- Trial
- Writ of possession



Question

To manage properties for the general public, an individual must be

- A. a certified property manager (CPM).
- B. a licensed broker.
- C. a member of a rental service that lists apartments for rent.
- D. nothing is required.



Mobile and Manufactured Homes

Licensing requirement

- Real estate licensees can sell used mobile homes that have been **registered** with the Dept. of Housing and Community Development (HCD) or are in place on a lot.
- Real estate licensees can sell a mobile home that has been placed onto a permanent foundation.
- Licensees cannot sell new mobile homes or maintain a place of business where two or more mobile homes are displayed, unless they are also licensed as a mobile home dealer.

Advertising and disclosures

- Licensees must withdraw advertisements within **48 hours** of receipt of notice it is no longer available for sale or lease.
- Cannot represent a used mobile home as being new.
- Cannot represent a mobile home is capable of being transported on a highway when it doesn't meet equipment requirements.

Question

A person purchased a new mobile home 2 months ago and contacted a broker to take a listing on it. According to California law, the broker could

- A. take the listing.
- B. not take the listing, unless the mobile home had been placed on a foundation.
- C. not take the listing.
- D. take the listing, only if it has been lived in.



Assessment

- Property taxes are *ad valorem*, according to value.
- The assessment roll establishes the tax base.
- Properties can be reassessed for current value and improvements. Reassessments can be appealed to an assessor's appeals board.

Tax types

- Property tax
 - All properties within a county pay the same tax rate
 - Secured by a foreclosable lien.
- Special assessments
 - Taxes charged against specific properties that benefit from a public improvement
 - Paid along with property taxes and secured by a foreclosable lien

Proposition 13

- Limits the property tax rate to a maximum of 1%.
- Does not affect special assessments.
- Limits the annual increase of the assessed value to 2% per year, unless a reassessment event occurs.
 - Construction: the value of the construction may be added to the assessed value.
 - Sale of the property: the property may be reassessed to its current market value.

Mello-Roos Community Facilities Act of 1982

- Created a special form of property assessment involving an improvement bond; may or may not appear on property tax bill.
- Seller of a one- to four-unit dwelling must disclose if the property is subject to a Mello-Roos lien.

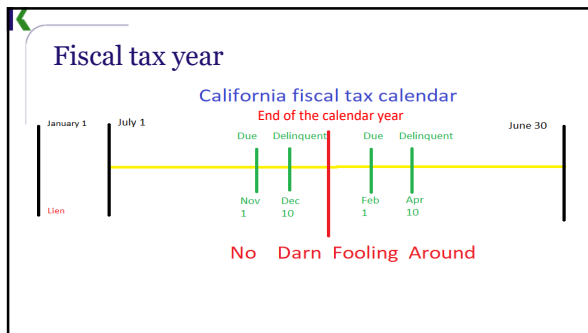
Question

Mello-Roos is

- A. a statewide tax.
- B. a countywide tax.
- C. a special assessment tax.
- D. none of the above.

Fiscal tax year

- The fiscal year for property taxes begins on July 1.
 - On January 1 at 12:01 AM, before the start of the fiscal year, a tax lien, for taxes not yet due and payable, is placed on all properties.
- The first installment, covering July 1 to December 31, is due November 1.
- The second installment, covering January 1 to June 30, is due February 1.



Question

As of October 1, an owner is current on its property taxes. Which statement is true?

- A. The owner has accrued property tax liability.
- B. The owner is paid in advance for its property taxes.
- C. The first half of the property taxes have been paid.
- D. The second half of the property taxes have been paid.

Documentary transfer tax

- County tax rate of .55 per \$500 or **fraction thereof** of the purchase price minus existing loans transferred.
- Cities may have their documentary transfer tax rate added to this.

Documentary transfer tax

	Example 1	Example 2
Sales price	\$564,321	\$564,321
Existing lien	\$253,000	\$0
Taxable purchase	\$311,321	\$564,321
Number of \$500s	622.64	1,128.64
Rounded up number	623	1,129
Transfer tax due	\$342.65	\$620.95

Successor's liability

- The purchaser of a business may have a successor's liability if the sales taxes have not been fully paid by the seller.
- The purchaser should get a certificate of clearance from the **Board of Equalization** showing that the seller has paid all sales taxes due.



Community property

- Available for married couples or registered domestic partners.
 - The default vesting for married couples
- Either party may enter in contracts on behalf of the community.
- Both parties are needed to transfer any interest in the property.



Community property

- Right of survivorship
 - Community property with the right of survivorship
 - Only if the deed specifically mentions the right
 - No right of survivorship is the default community property
 - If one spouse dies intestate, the surviving spouse will inherit all community property.
 - If the deceased dies testate, then the provisions of the will dictate the disposition of the deceased's half of the property.

Question

Littoral rights are for

- A. tidal waters.
- B. rivers.
- C. streams.
- D. flood basins.

Question

During the sale of a property, what are solar panels affixed to a property's roof considered?

- A. Personal property
- B. Real property
- C. **Either of the above**
- D. Neither A nor B

Question

Which of the following is a general lien?

- A. Mello-Roos
- B. **IRS tax lien**
- C. Property tax lien
- D. Special assessment

Question

An easement in gross

- A. may be created to allow access to a neighbor's property to get on and off of a property.
- B. "runs" with both the dominant and servient tenements.
- C. "runs" only with the dominant tenement.
- D. **"runs" only with the servient tenement.**

Question

A license

- A. is irrevocable.
- B. provides an estate in the property.
- C. is revocable.
- D. none of the above.

Question

Holding title in severalty may be done by

- A. a married couple.
- B. a corporation with one million stockholders.
- C. a parent and child.
- D. none of the above.

Question

A life tenant

- A. owns a property.
- B. has a tenancy to a property, as long as they live.
- C. has an option to a tenancy, as long as they live.
- D. cannot sell the property.

Question

An estate at will

- A. is illegal in California.
- B. can be terminated by either party without notice.
- C. can be terminated by the tenant without notice.
- D. can only be terminated with notice.

Question

The government's right to take private property is

- A. condemnation.
- B. escheat.
- C. eminent domain.
- D. domain registration.

Question

A broker provided the seller with a CMA valuing the property at \$500,000. The property is a 3 bedroom, 2 bath home. The seller was about to be put in foreclosure, so they accepted an offer for \$445,000. Another broker wants to use that as a comp for a 3 bedroom, 2.5 bath home. Which is the BEST action?

- A. Subtract from the subject
- B. Subtract from the comp
- C. Add to the comp
- D. Don't use this as a comp

Question

A large home surrounded by smaller homes will have its value affected by

- A. progression.
- B. regression.
- C. gentrification.
- D. anticipation.

Question

Which of the following could be considered functional depreciation?

- A. A 5-bedroom, 1-bathroom home
- B. A 75-year-old kitchen in its original condition
- C. A 4-bedroom home with a single car garage
- D. All of the above

Question

Net operating income is

- A. Gross potential income - expenses
- B. Effective gross income - expenses - debt service
- C. Gross potential income - expenses - debt service
- D. Effective gross income - expenses

Question

Which valuation method is most likely to be relied upon when valuing a 100-unit apartment complex?

- A. Capitalization rate
- B. Gross rent multiplier
- C. Cost
- D. Sale comparison

Question

Which valuation method is most likely to be relied upon when valuing a new home in the midst of 15-year-old homes?

- A. Capitalization rate
- B. Gross rent multiplier
- C. Cost
- D. Sale comparison

Question

1 discount point costs

- A. 1% of the sales price.
- B. 1% of the appraised value.
- C. 1/8% of the sales price.
- D. 1% of the lower of the loan amount.

Question

The trustor under a trust deed is the party who

- A. lends the money.
- B. receives the note.
- C. holds the property in trust.
- D. signs the note as the maker.

Question

The loan-to-value formula could be

- A. $LTV = \text{sales price} \times \text{loan amount}$.
- B. $LTV = \text{appraised value} \times \text{loan amount}$.
- C. $LTV = \text{loan amount} / \text{appraised value}$.
- D. none of the above.

Question

A promissory note that was executed to get a loan to buy a single-family residence

- A. is evidence of a debt.
- B. is a security instrument.
- C. establishes the home as collateral for the loan.
- D. must be signed by the borrower and the lender.

Question

Which of the following is true?

- A. FHA and VA insure loans
- B. FHA and VA guarantee loans
- C. FHA insures loans and VA guarantees loans
- D. FHA guarantees loans and VA insures loans

Question

The loan defeasance clause

- A. allows the lender to demand payment in full upon the sale of the collateral.
- B. requires the lender to release the collateral when the underlying debt is satisfied.
- C. is superseded by California law.
- D. allows a loan to be taken "subject to".

Question

What is one of the things that the Truth in Lending Act allows to be shown without triggering full disclosure?

- A. Nominal interest rate
- B. Face rate
- C. Annual percentage rate (APR)
- D. Monthly rate

Question

In the primary mortgage market, there are

- A. mortgagees and mortgagors.
- B. only mortgagees.
- C. only mortgagors.
- D. neither mortgagees nor mortgagors.

Question

Making a loan to a borrower for more than they qualify for

- A. is the result of good negotiation.
- B. is predatory lending.
- C. is loan fraud.
- D. is none of the above.

Question

The elements necessary to create a contract are

- A. loyalty, money, consent.
- B. capacity, money, consent.
- C. capacity, consent, consideration.
- D. lawful, money, consent.

Question

A voidable contract

- A. is not a contract.
- B. is a void contract.
- C. may be canceled by either party.
- D. will be treated as valid until rejected.

Question

When would the Statute of Limitations affect enforcement?

- A. Any oral contract
- B. Most oral contracts
- C. Any implied contract
- D. None of the above

Question

Marshall wants to buy 123 Main Street. The owner will not sell but has offered a 20-year lease. Which of the following would be best for Marshall?

- A. 20-year lease
- B. 20-year lease with the right of first refusal
- C. 20-year lease with a purchase option
- D. 20-year lease with 3, 5-year options to extend

Question

Maryna, the buyer, made an offer to Quinn. Quinn counteroffered to Maryna. What may now happen?

- A. Maryna, the offeror, may revoke the offer
- B. Maryna, the offeree, may revoke the offer
- C. Quinn, the offeror, may revoke the offer
- D. Quinn, the offeree, may revoke the offer

Question

The buyer terminates an escrow as they were not able to obtain their financing, a contractual contingency. Which statement is true?

- A. The buyer is in breach and would lose their deposit.
- B. The buyer is in breach and could be sued for damages.
- C. The buyer is in breach and subject to a specific performance claim.
- D. The buyer is not in breach.

Question

A lease calls for the tenant to pay \$5,000 plus their prorate share of the property taxes, the property insurance, and the maintenance. This is a

- A. gross lease.
- B. net lease.
- C. percentage lease.
- D. installment lease.

Question

An owner offers to list their home with a broker with the condition that no disclosures be made that the property is in a slide area. The broker should

- A. advise the owner to sell the property FSBO.
- B. **refuse the listing.**
- C. recommend the owner list with another broker.
- D. accept the listing but disclose the information orally to prospective buyers.

Question

Fiduciary duties include

- A. legality, action, confidentiality.
- B. disclosure, confidentiality, legality.
- C. **reasonable care and skill, disclosure, confidentiality.**
- D. reasonable care and skill, accounting, legality.

Question

A salesperson takes a listing on a duplex. Which of the following is true?

- A. The salesperson owes fiduciary duties to the seller.
- B. The seller owes fiduciary duties to the salesperson.
- C. **The salesperson owes fiduciary duties to a party to the listing contract.**
- D. None of the above.

Question

A seller may sell the property without an agent with

- A. an exclusive right to sell.
- B. an exclusive agency.
- C. an open listing.
- D. all of the above.

Question

Joey, a salesperson, signs a listing agreement with Jon, the owner of the property. Before the property is sold, Joey dies. Which statement is true?

- A. The listing continues.
- B. The listing is terminated.
- C. Jon has the legal option to terminate the listing.
- D. None of the above.

Question

Robert, a broker, has entered into a listing agreement for the sale of a residential property. After 2 months, the first offer on the property is received and it is for full price. Which statement is true?

- A. Robert should sign the offer to accept it.
- B. Robert should sign the offer to reject it.
- C. Robert should present the offer to the seller.
- D. Robert should call the other broker to try to get a better offer.

Question

An agency agreement between a broker and a seller can be created

- A. with a handshake.
- B. only in writing.
- C. with a text.
- D. both A and C above.

Question

A quitclaim deed is used to protect the

- A. escrow company.
- B. buyer.
- C. seller.
- D. title company.

Question

A deed must be signed by

- A. grantor.
- B. grantee.
- C. both the grantor and grantee.
- D. neither the grantor nor the grantee.

Question

Recording a deed

- A. proves ownership.
- B. means that it will prevail against a subsequently recorded deed.
- C. gives notice to the world of the recorded deed.
- D. makes the deed valid and effective.

Question

A deed to a prior owner would show up in the

- A. abstract.
- B. preliminary title report.
- C. title commitment.
- D. chain of title.
